



May 2, 2000

President  
Federal Home Loan Bank

RE: Participation in the Mortgage Partnership Finance<sup>TM</sup> Program (2000-APP-04)

Dear :

Federal Housing Finance Board (Finance Board) staff has reviewed the Federal Home Loan Bank (FHLBank) application to participate in the Mortgage Partnership Finance<sup>TM</sup> (MPF) program, submitted on December 29, 1999, pursuant to Resolution Number 99-50 (Resolution) and the Terms and Conditions for Approval, Establishment, and Operation of FHLBank Single-Family Member Mortgage Assets (MMA) Programs (Terms and Conditions), both of which were approved by the Board of Directors of the Finance Board on October 4, 1999, and pursuant to Resolution Number 99-66 (Modification), dated December 14, 1999, which modified the Resolution. The Resolution and the Terms and Conditions require applications for participation in MPF to address certain conditions.

Per the FHLBank application, and as defined in the Terms and Conditions, the FHLBank [REDACTED] will act as both FHLBank-Agent and FHLBank-Investor for the FHLBank. Specifically, the FHLBank [REDACTED] will act as FHLBank-Agent for the FHLBank in that it will process all MPF loans through its administrative office, the FHLBank will use its criteria to determine the eligibility of its members to become participating financial institutions (PFIs), and the FHLBank will use its pricing methodology. Because the FHLBank-Agent's administrative office, PFI eligibility criteria, and pricing methodology all have been previously examined and approved by Finance Board staff, no further staff review is required prior to approving the application. Additionally, the FHLBank [REDACTED] will act as an FHLBank-Investor in that it will acquire a participation interest in the MPF loans funded or purchased by the FHLBank.

After completing its review of the FHLBank application, Finance Board staff finds that the operation of the FHLBank's participation in the MPF program, as proposed in its application, complies with the requirements of the Resolution and the Terms and Conditions. Based on these findings, and based on the findings of the Finance Board's Office of Supervision that the program's policies, procedures and controls are satisfactory, the FHLBank hereby is authorized to offer MPF to its members on the terms set forth in your application. However, this authorization is contingent upon the Finance Board's receipt of the signed Investment and Services Agreement (Participation Program Contribution), and the Liquidity Option MPF Participation Agreement (In/Out Option). The signed Agreement must be identical to all material respects to the draft Investment and Services Agreement (Participation Program

Contribution) dated December 27, 1999, and the draft Liquidity Option MPF Participation Agreement (In/Out Option), dated December 28, 1999, as provided by the FHLBank to the Finance Board. Additionally, if at any point in the future, the FHLBank intends to change any aspect of its MPF operations from the terms approved hereby, the FHLBank must submit a revised application to Finance Board staff for approval.

If you have any questions, please feel free to contact me at (202) 408-2890.

Sincerely,

*/s/ William W. Ginsberg*

William W. Ginsberg  
Managing Director

cc: Board of Directors of the Finance Board  
FHLBank-Agent/Investor